Eurobank Monthly Global Economic & Market Monitor

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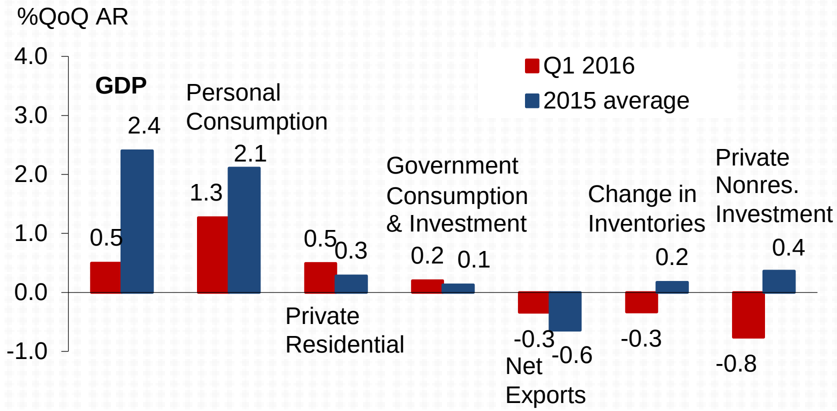
Contents

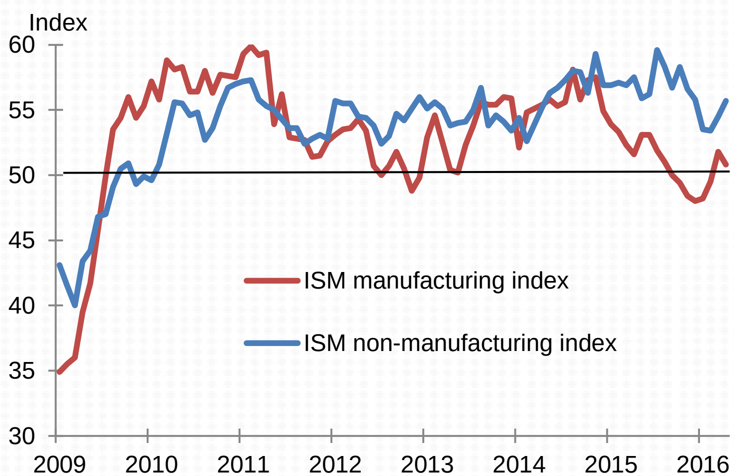
I. Economics

USA: Although Q1 GDP has slowed, there are signs of stability in Q2

Weak Q1 GDP readings continue into 2016



Leading indicators show signs of stability in Q2

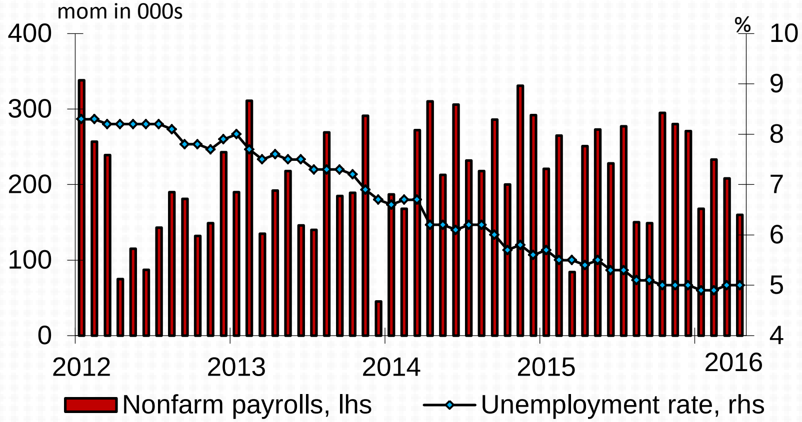


- Real economic activity disappointed at the beginning of the year, with real Q1 GDP continuing the trend of weak readings over the last couple of years. Much of the weakness in the first quarter of the year can be attributed to business investment (including inventories) and net exports, mirroring the effects of past USD appreciation and oil price declines.
- According to the BEA's advance estimate, Q1 GDP growth decelerated to 0.5%QoQ saar from 1.4%QoQ saar in the prior quarter, with real personal consumption growth loosing momentum (+1.9%QoQ saar from 2.4%QoQ saar in Q42015) amid slowing motor vehicle purchases that weighed on durable goods. Although private fixed domestic investment declined 1.6% on lower energy extraction infrastructure and manufactured equipment, residential investment growth surged at 14.8%, following a 10.1% increase in the previous quarter. As far as the external sector is concerned, net trade subtracted 0.3pp from Q1 GDP, as soft external demand and the stronger USD dragged down export growth.
- Robust vehicle sales in April suggest that durable goods consumption has likely bounced back from the March slowdown, boding well for household consumption of durables in Q2. Meanwhile, the ISM manufacturing index remained in expansionary territory in April falling to 50.8 from 51.8 in the prior month, while the ISM non-manufacturing index posted a larger than expected increase reflecting a healthy US service sector.
- Nevertheless, fundamentals suggest that growth will remain weak for the remainder of 2016, as inventory accumulation continues to act as a drag for domestic economic activity, while private investment and net trade are relatively weak amid low oil prices and softer global demand.

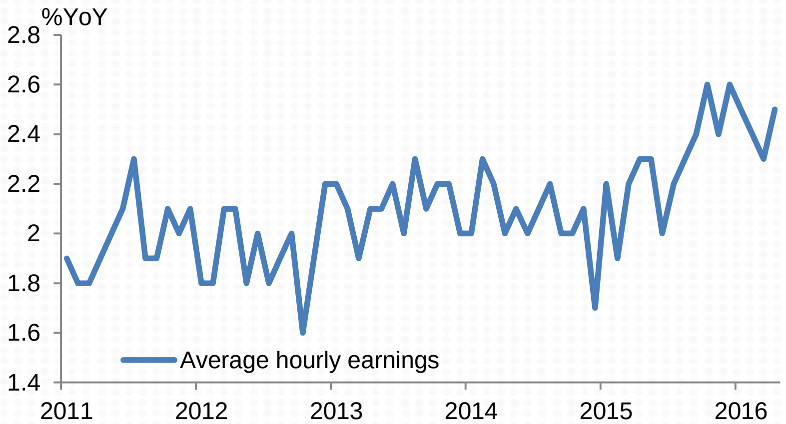
Source: US BEA, University of Michigan, Eurobank Economic Research

USA: Slower employment growth may lead to further delay in Fed hikes

Weakest payroll growth in seven months in April



Gradual uptrend in wage growth since mid-2015

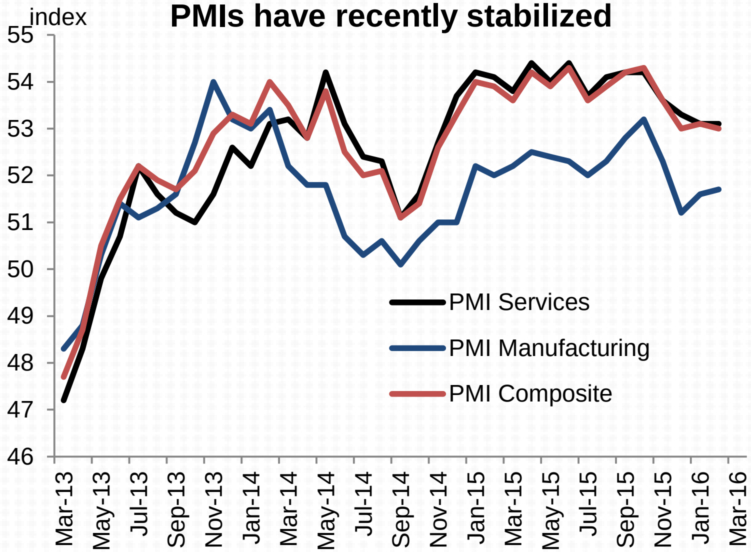


Source: US BEA, Federal Reserve, Eurobank Economic Research

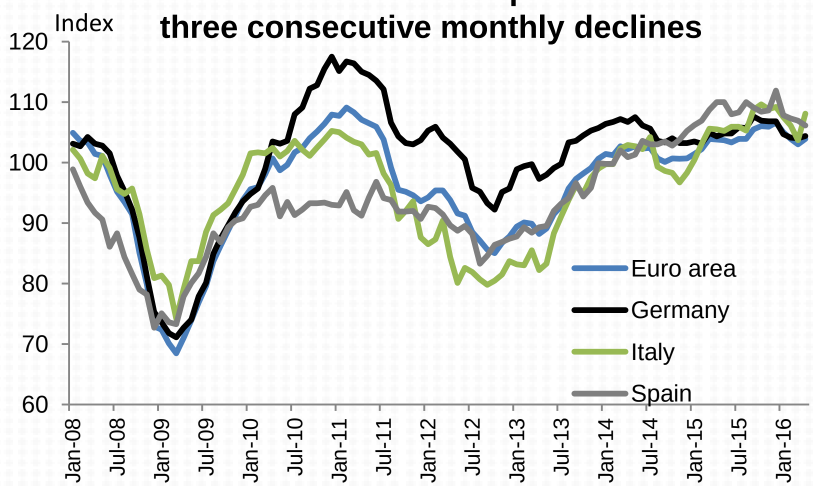
- US nonfarm payrolls increased by a mere 160k in April, falling short of market expectations for a rise of 200k, while the readings for the prior two months were downwardly revised by 19k. The weakness in April job growth was attributed to the retail trade, construction and government sectors, with their employment gains slowing by a total of 117k compared to March. The deceleration in retailing and construction was possibly a payback for unusually strong hires in Q1 on the back of better winter weather. Excluding these three individual sectors, payroll growth was broadly in line with recent trends. Moreover, average hourly earnings rose by 0.3%MoM, lifting the annual rate to 2.5%YoY, while the average workweek rose to 34.5 from 34.4 in March.
- Looking at the household survey, the U3 unemployment rate was unchanged at 5.0%, failing to benefit from a decline in the labor force participation rate by two-tenths to 62.8% which came on the back of a six-month positive streak. Meanwhile, shadow underemployment [U6=U3(jobseekers)+people who want to work but are not actively seeking a job + part-timers due to economic reasons] eased to 9.7%. Looking ahead, we believe that stronger employment growth, along with a more stable trend in labor force participation, will result in a lower unemployment rate throughout this year.
- As widely expected, the Fed kept the target range for the fed funds rate unchanged at 0.25-0.50bp at its 26-27 April meeting. The Committee's statement replaced the downbeat phrase that "global economic and financial developments continue to pose risks" with a more neutral one, highlighting that it will closely monitor the above mentioned developments. All in all, the Fed left the door open for an interest rate hike in the coming months, but the timing of the next move remains uncertain. Nevertheless, given the weaker-than-expected employment report and Fed's willingness to proceed with its tightening cycle cautiously, we do not expect an interest rate hike in June. In our view, the Fed will delay hiking until the September FOMC meeting, at the earliest, in order to have sufficient evidence that the economic activity and the labor market are rebounding following a weak start to the year. Adding to this, the Fed may wish to have the outcome of the UK referendum before proceeding with the next rate hike. A hike in June is currently priced with a probability of just 4.0%, down from around 20.0% a month ago, while a September hike is assigned with a probability of just 34.0%.

Euro area: The economic recovery remains moderate on weak external forces

PMIs have recently stabilized



ESI rebounded in April after three consecutive monthly declines

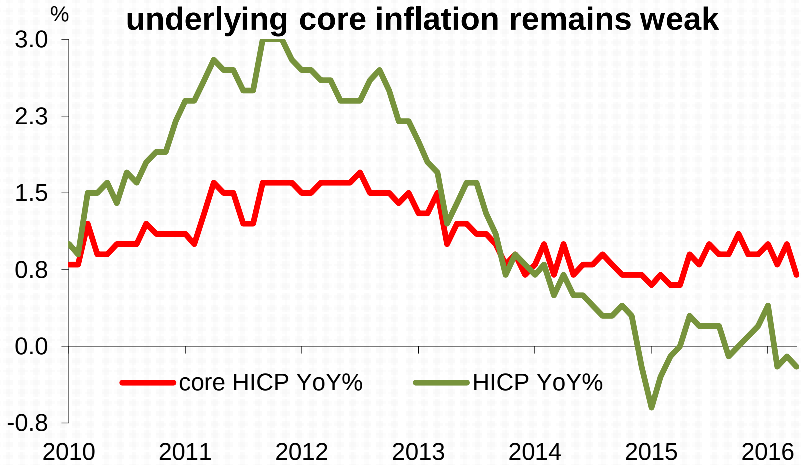


Source: ECB, Eurostat, Eurobank Economic Research

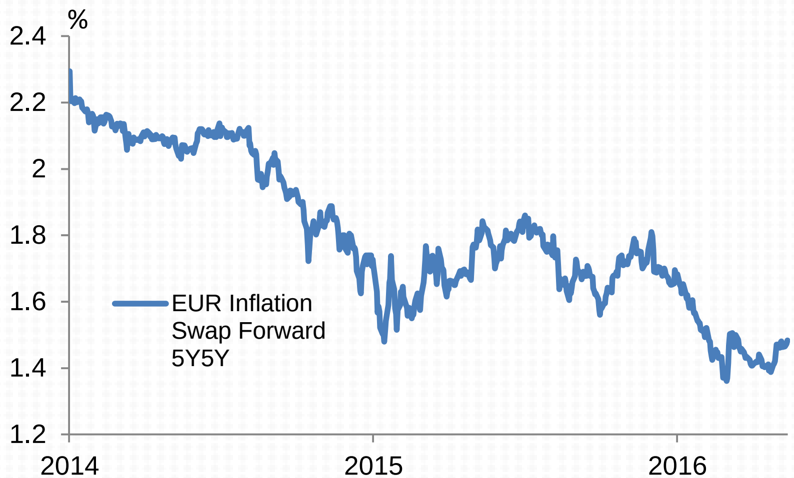
- According to the Euro area flash estimate, Q1 real GDP doubled its Q4 2015 rate of growth at 0.6%QoQ, surging to a new record high since its historical peak in Q1 08. Although the detailed GDP breakdown is not yet available by Eurostat, domestic demand must have been the main driver of growth, while external demand should have weighed on overall economic activity.
- Nevertheless, the acceleration in real economic activity in Q1 might constitute a one-off surge, as business and consumer surveys have moved broadly sideways in recent months. Euro area PMIs have been around the 53.0 level over the last three months, with a slight downward revision in services being counterbalanced by an improved manufacturing sector. Furthermore, the Economic Sentiment Indicator (ESI) increased by 0.9 points to 103.9 in April after three consecutive months of decline, while industrial production growth was softer than expected in March across most Euro area member states.
- The latest ECB data on monetary aggregates and bank balance sheets are consistent with a gradual improvement in the private sector lending outlook. The broad monetary aggregate M3 increased to 5.0%YoY in March from 4.9%YoY in the prior month, while Euro area loans to non-financial corporations (NFCs) stood at 1.1%YoY in March, after 1.0%YoY in February.
- Overall, the economic recovery remains moderate as the deterioration in the external environment has been partially offsetting favorable factors that have positively affected domestic demand, including low oil prices, better credit dynamics and additional monetary easing measures. Over the next couple of years, the euro area economy should continue to expand at roughly the same moderate pace, with downside risks to growth from a weakening global growth outlook and looming political risks.

Euro area: ECB on hold after March bold package of monetary easing measures; easing bias remains

Headline inflation in negative territory, underlying core inflation remains weak



Market inflation expectations at relatively low levels



Source: ECB, Eurostat, Eurobank Economic Research

- Headline HICP inflation declined to -0.2%YoY in April, after averaging 0.0%YoY in Q1 2016, with energy price inflation increasing marginally to -8.6%YoY from -8.7%YoY, while the other non-core inflation component (food, alcohol and tobacco) was stable at +0.8%YoY. Core inflation decelerated to +0.7%YoY in April from +1.0%YoY in March, with non-energy industrial goods price inflation unchanged at +0.5%YoY and services consumer price inflation declining by 0.4pp to +1.0%YoY.

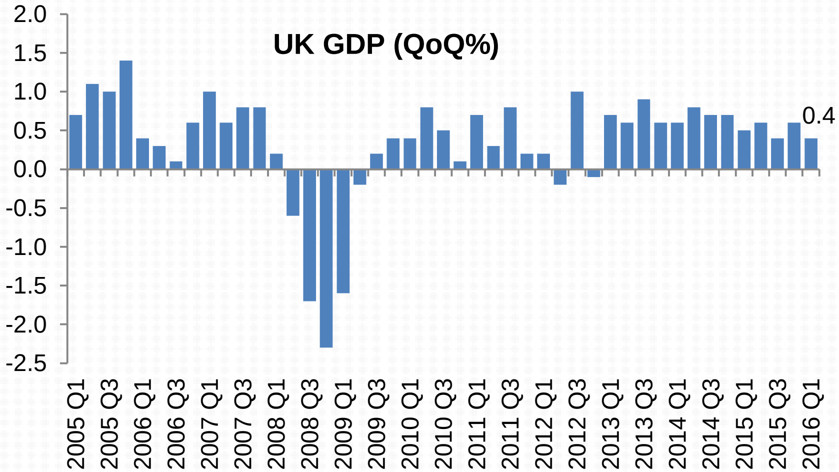
- Core inflation has exceeded headline inflation since Q4 2013 and this gap should continue in the short-term amid the strong negative base effects in energy price inflation. Headline HICP inflation is expected to remain in slightly negative territory over the next couple of months, until it improves gradually towards +0.5% at the end of this year supported mainly by favorable energy base effects. Overall, we estimate headline and core HICP inflation to average +0.1% and +1.0% in 2016, but risks seem skewed to the downside amid weak external price pressures and subdued domestic prices pressures with modest wage inflation recovery due to large labor market slack.

- At its regular monetary policy meeting on 21 April, the Governing Council (GC) did not announce any monetary policy changes following the bold package of monetary easing measures delivered in March. The ECB released details on the corporate sector purchase programme scheduled to start in June 2016. The purchases will be conducted in the primary and secondary markets with a maximum remaining maturity of 30yr, and will include all non-bank entities with a minimum credit rating of BBB-. The Eurosystem will apply an issue share limit of 70% per ISIN.

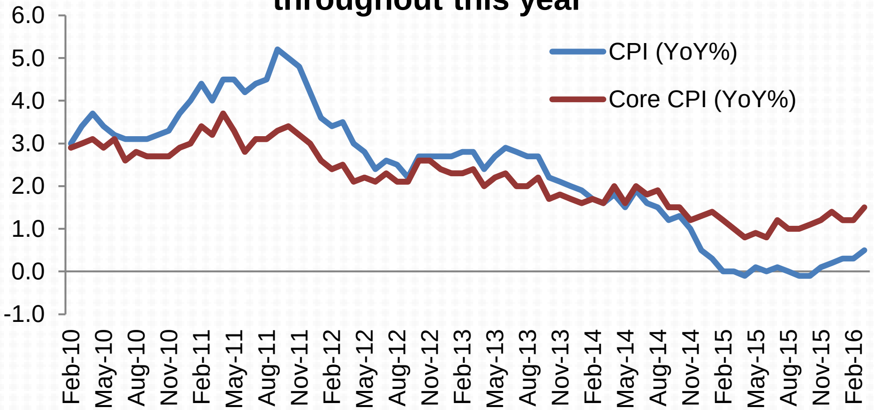
- Looking ahead, the ECB is expected to maintain its easing bias, engaged in additional unconventional monetary policy for a long time. Nevertheless, following the broad policy package announced in March, we do not expect further policy announcement before the September 2016 ECB meeting, unless there is a major negative shock. If there is a deceleration in the inflation or growth outlook or a sudden EUR appreciation, quantitative and credit easing would likely be preferred, although an additional rate cut of 10bp to -0.50% could not be ruled out.

UK: Q1 GDP slows as EU referendum uncertainty takes a toll on domestic economic activity

UK GDP likely to slow further in Q2



UK CPI expected to remain below 1% throughout this year



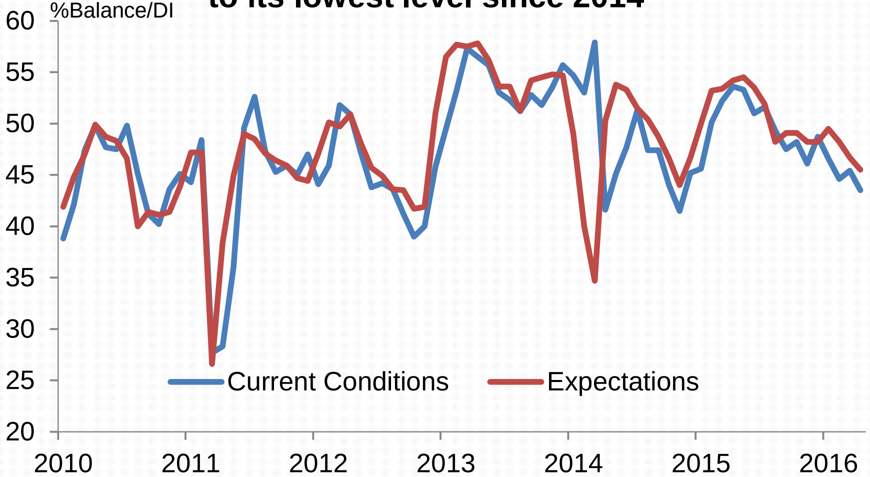
- According to the preliminary estimate, Q1 GDP grew by 0.4%QoQ from 0.6%QoQ in Q4 2015, confirming that economic activity has been slowing mainly due to uncertainty about the June 23rd EU referendum outcome. The services sector (which accounts for c. 79% of GDP) was the only positive contributor to growth. Services output grew by 0.6%QoQ (contributing by 0.5 pp), following an increase of 0.8% in the prior quarter. The above, along with poor retail sales data for February and March, support the view that private consumption has likely slowed in Q1 2016, pressured by the ongoing fiscal tightening and subdued wage growth, while several households likely prefer holding back spending ahead of the EU referendum (*the expenditure breakdown of Q1 2016 is due for release alongside the second estimate on May 26*). In addition, the upcoming referendum adversely impacts the labor market, with the number of unemployed rising in the three months to February for the first time since mid-2015, though the unemployment rate remained unchanged in February at 5.1% for the fourth consecutive month, the lowest since September 2015. In addition, with the EU referendum looming, a number of recent surveys pointed to a slowdown in investment. UK economic activity is expected to lose further momentum in Q2, as uncertainty about the EU referendum will hit a peak. A rebound in economic growth is expected in H2 2016, assuming that the “Remain” camp wins.

- UK CPI headline rose in March to a 15-month high of 0.5%YoY from 0.3%YoY in February, boosted by a sharp increase in air fares related to the early timing of Easter. Looking ahead, inflation is expected to pick up gradually in the coming months, albeit slowly, on the back of higher oil prices and GBP depreciation. CPI headline is expected to average 0.7%YoY in 2016, up from flat in 2015, but still below the BoE’s 2.0% inflation target.

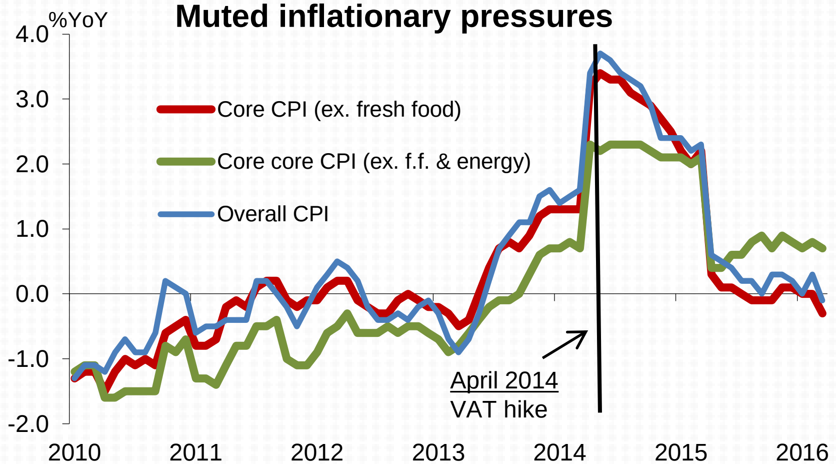
Source: UK Office for National Statistics, Eurobank Analysis and Financial Markets Research

Japan: Low inflationary pressures call for further monetary easing

Japan Economy Watchers Survey to its lowest level since 2014



Muted inflationary pressures



- Real GDP growth surprised to the downside at -0.3%QoQ in Q4 2015, bringing the annual average for 2015 to 0.5%. Domestic demand subtracted 0.4pp from GDP growth due to a decline in private consumption, private residential investment and public investment. Looking ahead, real GDP growth is expected to increase to ca. 0.7% in 2016, as domestic demand accelerates before the imposition of the consumption tax hike scheduled for Q2 2017. On the flipside, weaker-than-expected external demand will likely continue to weigh on business conditions with negative effects on firms' profits and domestic wage dynamics.

- According to the Cabinet Office's Economy Watchers survey, the Sentiment Diffusion Index (DI) fell for a fourth month in a row to its lowest level since April 2014 on the back of an increase in the consumption tax rate. Moreover, the 2-to-3 months forward expectations DI declined for a fifth consecutive month, partly reflecting the Kumamoto earthquakes. Many survey respondents were concerned about JPY appreciation and equity market volatility.

- The March national core CPI came in at -0.3%YoY down from 0.0%YoY in February, the lowest level in three years, with a larger negative contribution from energy, while core CPI was stable at 1.1% for the third month in a row. Consumer and market's inflation expectations point to a temporary bottom in inflation expectations.

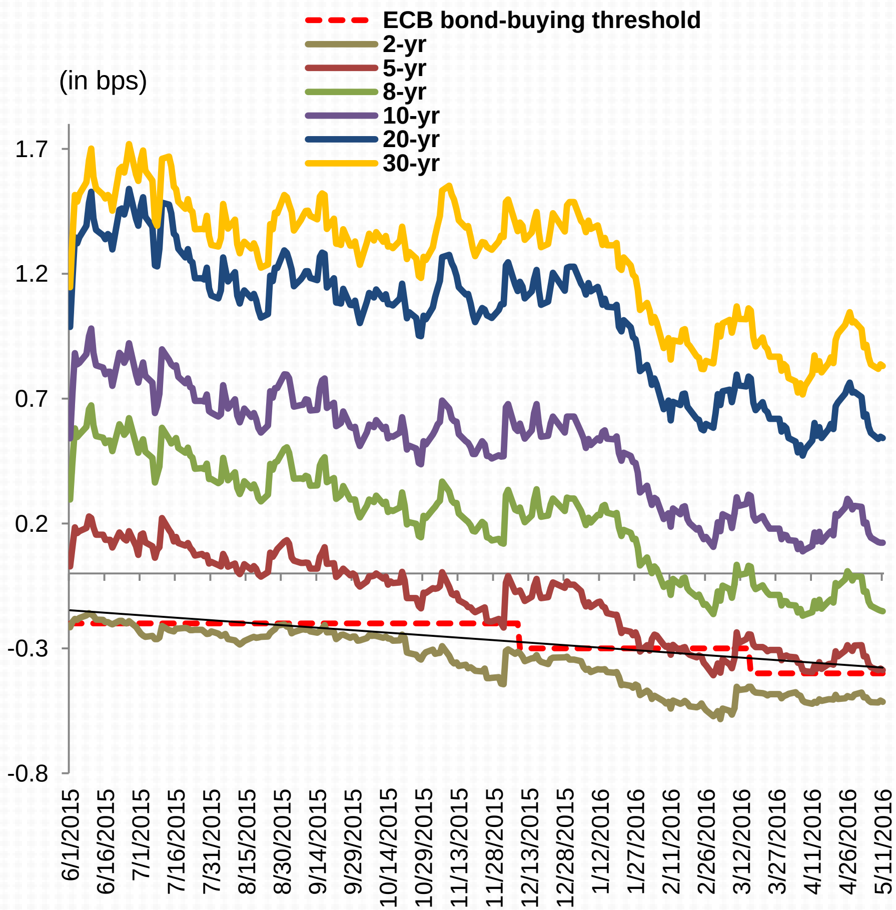
- The Bank of Japan (BoJ) left monetary policy unchanged at its April 27-28 Monetary Policy Meeting (MPM). The Central Bank pushed back for the fourth time the target for achieving its 2% inflation target, this time to "during FY2017", from H1 of FY2017 previously. Given the current inflation outlook and concerns on the potential impact of firmer JPY on domestic economy, we believe that the BOJ will soon need to take further monetary policy easing measures.

Source: Economic and Social Research Institute (ESRI), Eurobank Economic Research

II. Fixed Income

German bond yields to remain under downward pressure on ECB easing expectations

German government bonds to remain well supported



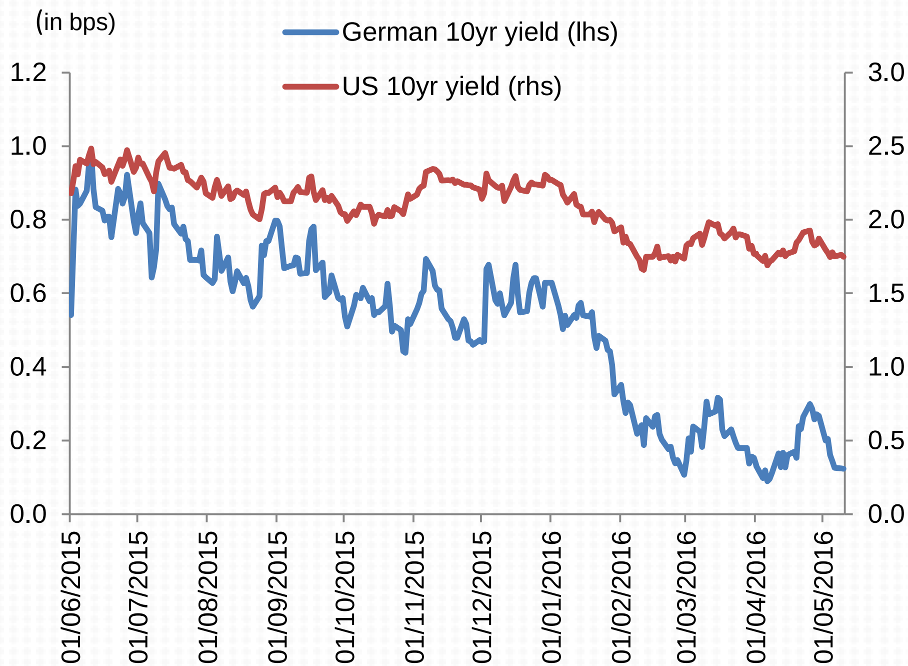
Source: Bloomberg , Eurobank Analysis and Financial Markets Research

- German government bonds retained a firm tone over the last few weeks amid lingering ECB easing expectations. In the press conference following the conclusion of the April ECB monetary policy meeting, President Mario Draghi acknowledged that euro area economic recovery proceeds at a moderate, although steady, pace and risks remain tilted to the downside. He admitted that broad financing conditions have improved, stressing though that the Committee is determined to use “all instruments” within its mandate if needed, signaling that the door for additional rate cuts over the coming months remains open. Supporting the ECB’s stance, euro area headline HICP returned to negative territory in April falling 0.2%YoY from 0.0%YoY in March, primarily due to a drop in core prices by 0.3pp to 0.7%YoY.

- Expectations for further ECB easing should keep bond yields under pressure in the coming sessions/weeks. Euro area political risks, global growth jitters and market uncertainty about the outcome of the EU referendum in the UK are also supportive for German Bunds. While short & medium term German bond yields are expected to remain stuck into negative territory, long-dated paper is likely to continue outperforming in the coming sessions/weeks, triggering some further bullish flattening in the 2/10 Bund yield curve.

US Treasury yields likely to range trading as investors await more clues about the timing of the next Fed rate hike

German & US 10yr yield spread



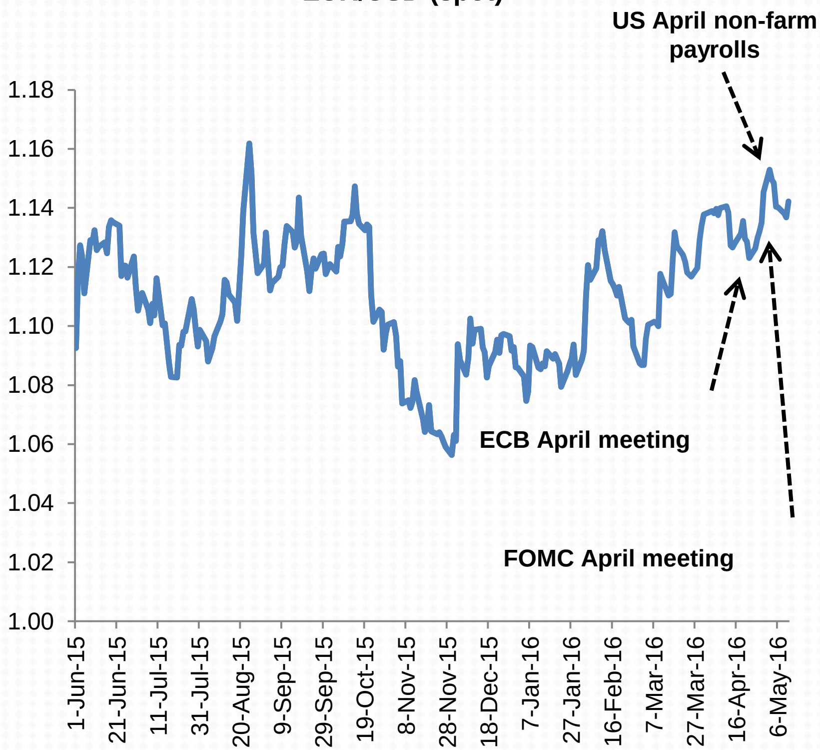
Source: Bloomberg, Eurobank Analysis and Financial Markets Research

- At its April 26-27 policy meeting, the Fed held interest rates steady, as widely expected. Though its economic assessment was more dovish compared to the previous statement, the phrase that "global economic and financial developments continue to pose risks" was omitted. For the third meeting in a row, the Fed removed the balance of risks assessment from the statement, avoiding to provide a forward looking policy bias. All in all, the Fed made implicitly clear that, though the door remains open for higher interest rates ahead, the timing of the next move remains highly uncertain, dependent on the evolution of upcoming domestic data.
- With market participants awaiting more clues about the timing of the next FOMC rate hike, volatile range-trading is likely to prevail with the 10-yr US Treasury yield likely to remain trapped within the 1.70%-1.95% area registered since the early April low.
- On the view that the prospect of further policy stimulus by the ECB in the coming months cannot be ruled out, especially in case euro area inflation pressures remain well subdued, German Bunds will likely continue to outperform US Treasuries. Technically, strong resistance for the 10-yr corresponding spread stands at 173 (March high) on the way to 180bps.

III. FX Markets

EUR/USD to range-bound short-term as the timing of the next Fed rate hike remains highly uncertain

EUR/USD (spot)



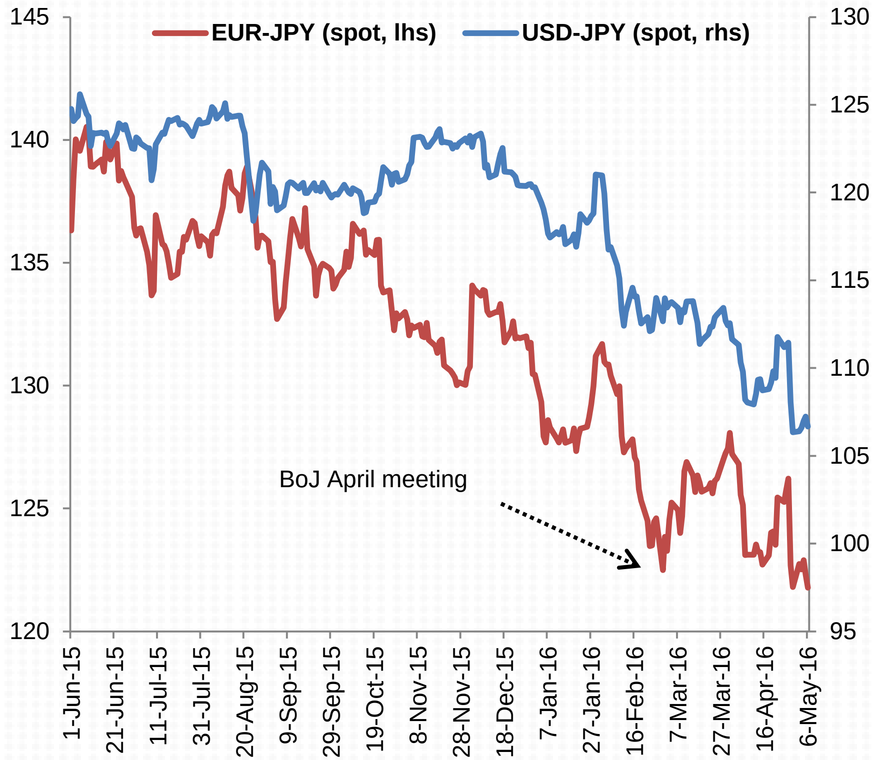
Source: Eurobank Analysis and Financial Markets Research , Reuters

- The Fed removed the balance of risks assessment from its April policy statement, showing little inclination to prepare the markets for the next rate hike. Although it downgraded its economic assessment, it removed the phrase "global economic and financial developments continue to pose risks" noting instead that it is closely monitoring them. In all, the Fed made clear that the timing of the next rate hike will be highly dependent on broader financial conditions and the evolution of upcoming US data. Against this background, the Central Bank is unlikely to rush to push interest rates higher until there are clear indications suggesting that inflation is firming and the slowing in economic activity in Q1 was temporary.

- On its part, after surprising markets with a bolder than expected comprehensive package of monetary stimulus at the March policy meeting, the ECB seems to have adopted a wait and see stance to take time so as to assess the impact of these measures before deciding to act again, if needed. Interestingly, President Mario Draghi stressed that risks remain to the downside and left the door ajar for additional easing. With respect to the EUR, the ECB's overall recent communication suggests that it has shifted its focus to credit easing rather than currency devaluation explicitly signaling that it is willing to tolerate a firmer EUR on the condition that it does not trigger any unwarranted tightening of financial conditions.

- After hitting a multi-week low near 1.1200 in mid-April, the EUR/USD gained some ground thereafter, hitting a nine-month intraday peak of 1.1614 on heightened concerns about the US growth prospects before giving back some ground to stand close to 1.1420 in European trade on May 12. Looking ahead, the EUR/USD is likely to continue consolidating within 1.1200-.11600 in the coming sessions/week, as investors await signals about the timing of the next Fed rate hike. Yet, on the view that the Fed may have to adopt a more cautious stance than currently expected, the prospect of further EUR/USD upside on a multi-month bias cannot be ruled out. Technically, a sustained move above recent highs could open the way for further appreciation toward 1.1710 (Aug. 28, 2015 peak).

Expectations of further JPY policy easing ahead do not bode well for the JPY vs. the USD

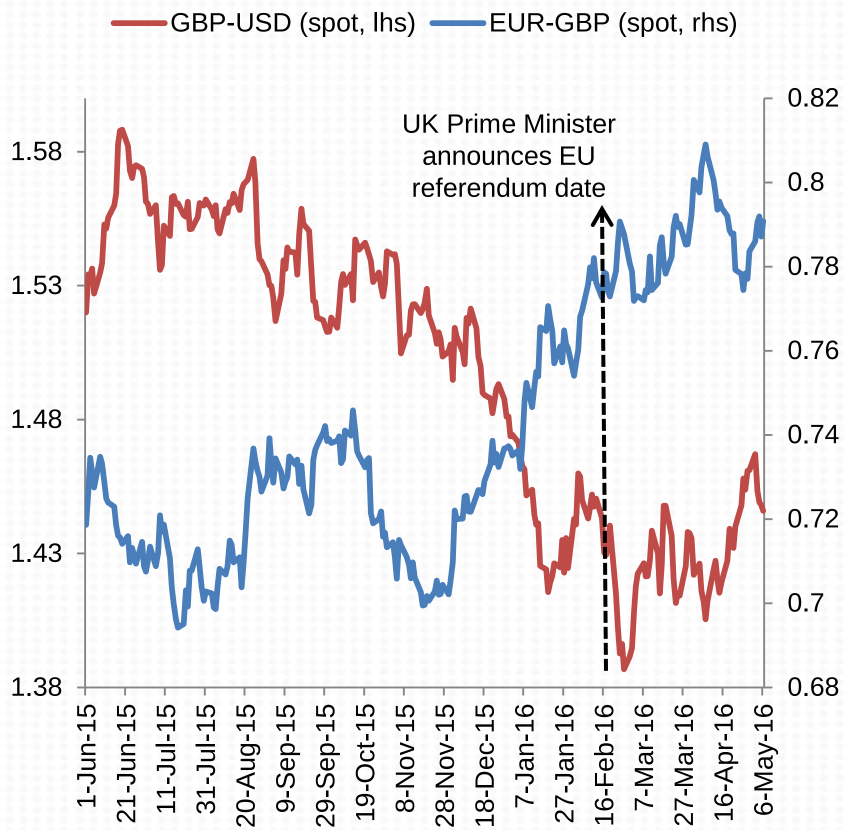


Source: Eurobank Analysis and Financial Markets Research, Reuters

- The BoJ decided to maintain its monetary policy unchanged at the meeting of April 27-28, contrary to strong calls in the market for additional easing. In its Outlook for Economic Activity and Prices, the BoJ retained its assessment that the economy "has continued its moderate recovery trend", adding though that "GDP growth is somewhat lower, influenced mainly by weaker exports that reflect the slowdown in overseas economies". In the post-meeting press conference, BoJ Governor Haruhiko Kuroda reiterated that the Bank would not hesitate to take additional easing steps if needed suggesting that the likelihood of further policy stimulus seems to be in the cards. While we do not rule out entirely the prospect of the Bank easing at the upcoming meeting on June 15-16, our base case is for such a move being delivered at the meeting of July 28-29 when the quarterly Outlook Report is also due for release. Supporting the above, the BoJ may opt to wait for the government's fiscal policy moves –submission of a FY 2016 supplementary budget during the current ordinarily Diet session that is set to end on June 1st - before committing to further policy easing.

- After hitting multi-week high of 111.90 in late April, the USD/JPY moved lower thereafter, marking a five-month trough of 105.50 in early May pressured by the BoJ's unexpected decision to stay put. Yet, with the BoJ keeping an easing bias, there is little to suggest that the JPY has embarked on an sustained upward short-term trend vs. the USD. Furthermore, Japanese officials sound loud alarms over the last few sessions on the risk of direct intervention in FX markets while weakness in EM currencies does not bode well for the JPY's outlook vs. the USD. Technically, as long as USD/JPY remains above 107.50, short-term risks seem skewed for further appreciations towards 109.50 (April 19 peak) in the way to recent highs.

With the EU referendum looming and the UK economy loosing momentum, GBP recent rally likely to run out of steam



Source: Eurobank Research Analysis and Financial Markets Research, Reuters

- Published results of as many as 17 opinion polls carried out after mid-April when the EU referendum campaign officially begun suggest that, though the "Remain" campaign is ahead, the outcome is too close to call. The public support for the "Remain" campaign averaged 46%, while the "Leave" campaign trailed behind with a small difference at 42%. Interestingly, an average 12% of respondents were reluctant to participate in the surveys or have not yet decided which campaign to vote for. Meanwhile, the uncertainty surrounding the EU referendum takes a toll on domestic economic activity with a recent string of poor data/surveys suggesting that Q2 GDP will slow further, as the EU referendum is drawing nearer.
- Though succeeding in gaining some ground against the US currency in recent weeks amid firmer commodity prices, the GBP remains the sole G-10 currency to have weakened against the USD so far this year. Yet, with the EU referendum looming and the UK economy loosing momentum, any further GBP appreciation is likely to prove limited. Technically, GBP/USD sustained move above 1.4550/70 could open the way for further gains with 1.4780/1.4800 seen capping the upside. On the EUR/GBP axis, strong resistance lies at 0.7970 in the way to YTD high of 0.8120 recorded in early April.
- Heading into the EU referendum, GBP volatility is likely to pick up, with market participants focusing on the perceived probabilities of a Brexit in the opinion polls.

IV. Eurobank Macro Forecasts

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
World	3.1	3.0	3.4	2.8	2.9	3						
USA	2.4	1.9	2.2	0.1	1.3	2.2	-2.6	-3.0	-3.2	-3.8	-3.6	-3.3
Europe												
Eurozone	1.7	1.5	1.6	0.0	0.3	1.3	3.6	3.7	3.6	-2.1	-1.9	-1.6
Belgium	1.4	1.2	1.6	0.6	1.7	1.6	1.3	1.8	1.9	-2.6	-2.8	-2.3
Cyprus	1.6	2.0	2.5	-1.6	0.3	1.2	-4.7	-4.4	-3.8	-1.5	0.0	0.8
France	1.2	1.3	1.7	0.1	0.1	1.0	-1.5	-1.1	-1.0	-3.5	-3.4	-3.2
Germany	1.7	1.6	1.6	0.1	0.3	1.5	8.8	8.5	8.3	0.7	0.2	0.1
Greece	-0.2	-0.3	2.7	-1.1	-0.3	0.6	0.0	0.5	0.7	-7.2	-3.1	-1.8
Ireland	7.8	4.9	3.7	0.0	0.3	1.3	4.4	4.6	4.6	-2.3	-1.1	-0.6
Italy	0.8	1.1	1.3	0.1	0.2	1.4	2.2	2.4	2.3	-2.6	-2.4	-1.9
Netherlands	2.0	1.7	2.0	0.2	0.4	1.3	9.2	8.9	8.2	-1.8	-1.7	-1.2
Portugal	1.5	1.5	1.7	0.5	0.7	1.2	-0.1	0.3	0.5	-4.4	-2.7	-2.3
Spain	3.2	2.6	2.5	-0.6	-0.1	1.4	1.4	1.5	1.3	-5.1	-3.9	-3.1
Sweden	4.1	3.4	2.9	0.7	0.9	1.2	4.9	5.8	5.7	0.0	-0.4	-0.7
Switzerland	0.9	1.2	1.6	-1.1	-0.6	0.3	11.4	9.3	8.9	-0.2	-0.1	0.0
UK	2.3	1.8	2.0	0.0	0.8	1.5	-5.2	-4.9	-4.4	-4.4	-3.4	-2.4

Source: Eurobank Economic Research, IMF, EU Commission, Bloomberg

Eurobank Macro Forecasts

	GDP (YoY%)			CPI (YoY%)			Current Account (% of GDP)			General Budget Balance (% of GDP)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Asia/Pacific												
Japan	0.5	0.7	0.7	0.8	0.6	1.5	3.3	3.6	3.7	-5.2	-4.5	-4.2
Australia	2.5	2.6	2.9	1.5	1.8	2.4	-4.6	-4.2	-3.5	-1.9	-2.5	-2.2
Emerging Economies												
BRIC												
Brazil	-3.8	-3.5	0.8	9.0	8.6	6.5	-3.2	-1.9	-1.4	-8.2	-8.5	-7.5
China	6.9	6.5	6.2	1.4	2.0	2.0	3.1	2.7	2.5	-3.5	-3.0	-3.2
India	7.3	7.5	7.6	5.9	5.0	5.0	-1.1	-1.0	-1.2	-3.5	-3.9	-3.5
Russia	-3.7	-1.5	1.2	15.6	8.0	6.7	5.3	3.8	4.2	-2.8	-3.8	-3.0
CESEE												
Bulgaria	3.0	2.6	3.1	-0.1	1.0	1.5	1.2	1.0	0.5	-2.7	-2.0	-1.4
Romania	3.7	4.1	3.5	-0.6	-0.3	2.5	-1.1	-2.0	-2.5	-1.9	-2.8	-3.7
Serbia	0.7	1.8	2.2	1.4	1.7	3.0	-4.7	-4.6	-4.3	-3.7	-3.7	-2.6

Source: Eurobank Economic Research, IMF, EU Commission, Bloomberg

Eurobank Fixed Income Forecasts

		2016			2017
	Current (May 11)	June	September	December	March
USA					
Fed Funds Rate (%)	0.375%	0.375%	0.375%	0.375%	0.375%
1 m Libor (%)	0.434%	0.464%	0.562%	0.666%	0.668%
3m Libor (%)	0.630%	0.643%	0.729%	0.814%	0.863%
2yr Notes (%)	0.732%	0.770%	0.850%	0.940%	1.085%
10 yr Bonds (%)	1.732%	1.750%	1.785%	1.830%	1.920%
Eurozone					
Refi Rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%
3m Euribor (%)	-0.259%	-0.260%	-0.276%	-0.288%	-0.301%
2yr Bunds (%)	-0.515%	-0.514%	-0.514%	-0.524%	-0.520%
10yr Bunds (%)	0.120%	0.130%	0.150%	0.176%	0.235%
UK					
Repo Rate (%)	0.50%	0.50%	0.50%	0.50%	0.50%
3m (%)	0.590%	0.584%	0.577%	0.569%	0.584%
10-yr Gilt (%)	1.390%	1.480%	1.530%	1.580%	1.680%
Switzerland					
3m Libor Target (%)	-0.75%	-0.75%	-0.75%	-0.75%	-0.75%
10-yr Bond (%)	-0.330%	-0.325%	-0.310%	-0.290%	-0.240%

Source: Eurobank Economic Analysis and Financial Markets Research, Derivatives Trading Desk

Eurobank FX Forecasts

		2016			2017
	Current (May 12)	June	September	Decemeber	March
EUR-USD	1.1410	1.1500	1.1800	1.2000	1.2300
USD-JPY	108.85	108.00	108.00	109.00	110.00
EUR-JPY	124.20	124.20	127.44	130.80	135.30
GBP-USD	1.4420	1.4300	1.4400	1.4600	1.5000
EUR-GBP	0.7915	0.8042	0.8194	0.8219	0.8200
USD-CHF	0.9720	0.9565	0.9322	0.9167	0.9350
EUR-CHF	1.1090	1.1000	1.1100	1.1400	1.1500
USD-CAD	1.286	1.3000	1.3000	1.3000	1.3000
AUD-USD	0.7325	0.7300	0.7300	0.7500	0.7800
NZD-USD	0.6825	0.6800	0.6800	0.6800	0.7100
EUR-SEK	9.3070	9.30	9.34	9.36	9.40
EUR-NOK	9.3300	9.30	9.25	9.20	9.00

Source: Eurobank Economic Analysis and Financial Markets Research, FX Trading Desk

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